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ACTION E-15

INFO OCT-01 EUR-20 CAB-09 CIAE-00 COM-08 DODE-00 DOT-14
INR-07 NSAE-00 RSC-01 L-04 SS-20 NSC-10 H-02 RSR-01
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DEPARTMENT OF STATE A/CDC/MR
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TO SECSTATE WASHDC PRIORITY 4483

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SUBJECT: CIVAIR NEGOTIATIONS

1. IN THURSDAY MEETING USDEL DELIVERED STRONG STATEMENT DEPLORING VIEWS EXPRESSED IN ITALIAN DOC. 3 COVERING PARITY ON 747 SERVICES IN EVENT NO AGREEMENT. REJECTED DOCUMENT AS BASIS FOR DEALING WITH 747 SERVICES AND RESERVED RIGHT TO MAKE FURTHER STATEMENT ON SUBJECT SHOULD FAIL REACH AGREEMENT THIS SESSION. ITALDEL ONLY RESPONSE WAS THAT THEY COULD NOT ACCEPT WORSENING OF IMBALANCE AND NOTED USG HAD FAILED TO RESPOND TO ITALIAN NOTE REQUESTING GRANT OF L.A. PENDING FINAL AGREEMENT.

2. TURNING TO OTHER MATTERS, USDEL NOTED THAT DOCUMENTS HAD NOW BEEN TABLED ON ALL MATTERS WITH EXCEPTION LEVEL OF ALL-CARGO SERVICES DURING INTERIM PERIOD. USDEL TABLED U.S. DOC. 6 PROPOSING 2 YEAR REGIME DURING WHICH U.S. ALL-CARGO SERVICES WOULD START AT 15 AND INCREASE BY 3 EVERY SIX MONTHS. OPERATIONS WOULD REVERT TO AGREEMENT AT END OF 2 YEAR PERIOD.

3. ITALDEL SAID LEVELS IN U.S. DOC 6 WERE ASTRONOMICAL BUT INDICATED IN ANY EVENT HE DID NOT THINK IT POSSIBLE TO MOVE ON OTHER ISSUES UNTIL ROUTE MATTERS RESOLVED.

4. DELS THEN ENGAGED IN LONG DEBATE AS TO WHAT SUBJECT SHOULD BE EXAMINED FIRST. USDEL POINTED OUT EXCESSIVE

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AMOUNT OF TIME DEVOTED TO PRODECURAL WRANGLING OF THIS TYPE AND SUGGESTED ONLY WAY TO MOVE FORWARD WAS TO CARRY ON WITH ALL SUBJECTS SIMULTANEOUSLY. ITALDEL SAID WOULD GIVE ANSWER ON CAPACITY PAPER IN NEXT SESSION BUT AFTER THAT DID NOT WANT TO MEET UNTIL ROUTE QUESTION SETTLED. USDEL SAID 6 FOR 13 SWAP WAS IN ECONOMIC BALANCE BUT HAD ASKED WASHINGTON IF ANY BASIS FOR TAKING ANTOHER LOOK AT ROUTE QUESTION.

5. IN LATER PRIVATE CONVERSATION WITH SERAFINI HE INDICATED THAT ITALIANS REALLY DO NOT BELIEVE 6 FOR 13 IS FAIR SWAP. USDEL RECOMMENDS THAT WASH. PREPARE SOONEST POTENTIAL ACCESS VALUE ANALYSIS OF DEAL INVOLVING ALL 13 POINTS FOR US AND 6 FOR ITALIANS. ADEQUATE DATA UNAVAILABLE HERE FOR THIS PURPOSE ALSO INDICATE METHODOLOGY.
MARTIN

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